

has increased funding for response to terrorism acts, to the potential use of weapons of mass destruction, and for the disasters that would result from those, from increases in funding for the Defense budget, the Department of Justice budget, the Health and Human Services budget, the FEMA budget, and the Department of Energy budget, none of that money is in fact siphoning down to those people who are where the rubber meets the road, who are the Nation's first responders in each of these situations.

The demonstration on Thursday, that will be loud and vocal, to which I invite all of our colleagues from both parties, will focus on the fact that this Congress and the administration need to understand that in working to prepare this Nation to deal with disasters, especially those involving weapons of mass destruction, we need to provide the support to the 1.2 million men and women in the 32,000 departments, 85 percent of whom are volunteer, who protect this country every day.

I am also asking our colleagues, Mr. Speaker, to reach out and invite fire and EMS personnel from across the country, and especially in this region, to travel to Washington on Thursday to send a signal throughout this Capitol, with a massive rally at noon right outside the steps of this Chamber, that we will no longer tolerate the consideration of our fire and EMS personnel as second-class citizens, that they deserve the top priority in preparing this Nation to deal with disasters, both man-made and the potential use of terrorist devices.

THE INCREDIBLE THINGS HAPPENING IN THIS COMMUNITY

The SPEAKER pro tempore. Under the Speaker's announced policy of January 7, 1997, the gentleman from Wisconsin (Mr. NEUMANN) is recognized for 60 minutes as the designee of the Majority Leader.

Mr. NEUMANN. Mr. Speaker, I thought I would dedicate tonight's special order to the incredible things that are happening here in this community. I could not get on a plane home because we got out of session too late tonight, so I am kind of like putting myself back in Wisconsin and looking at Washington and just looking at how some of the most incredible things in the world are going on right out here in this city today.

I am going to start with one of the issues that was talked about today and actually we voted on today, and that is the IMF issue.

Out in Wisconsin, if you said IMF to the average person out there, I am not sure they would even know what IMF is or what it is for or any of the rest of that. Frankly, I came out of the private sector and had no political experience, so today I had an opportunity to sit in on an educational session on what the IMF is and how it actually goes about lending money and what it is all about.

At the end of the session, Jack Kemp was leading the session, but there were other experts there on the IMF, and at the end of the session I started asking questions that I think most people in Wisconsin, if they had sat in on this thing, would have logically started asking.

The first one I asked is, how much have we given the IMF already of the taxpayers' money? Thirty-six billion dollars, is the answer.

What do they want now? What are they asking for? They are asking for \$18 billion more of the taxpayers' money.

The most incredible thing, and this is what this is dedicated to tonight, the incredible part of this is, as we heard on the floor during this debate, do not worry about it, the IMF does not cost any money. If the IMF does not cost any money and we do not have to raise any taxes to put this money over there, then why are we talking about \$18 billion that we are somehow going to give them? Again, only in Washington could we have this kind of discussion.

But I did not stop there. I started asking some more Wisconsin commonsense kinds of questions. The next one I asked is, they had gone through this whole thing about how wherever the IMF was, America was viewed as an enemy, not as a friend. So I said, now, wait a second, if the IMF is not working today, why would we want to put more money into the system?

I asked another what I consider commonsense question: Does the IMF have enough money in the system today to keep going and doing what it is doing? And the amazing thing to me is they answered that question, yes, they do.

So I asked what I considered another commonsense question: How much money do they have? They have \$40 billion of liquid assets today, \$40 billion in the IMF of liquid assets today. But that is not the end. They have \$35 billion in gold, beyond that. On top of that, they have borrowing power of \$25 billion.

So this agency that is asking us to go to the American taxpayers and get the \$18 billion that is not going to cost our government anything, even though we are going to put it in the IMF, the amazing thing is they already have all of this liquid cash on hand.

So I started asking what I thought was a logical question. I said, they have got \$100 billion available already. What are they going to do with the \$18 billion they are now asking us to collect from the American taxpayers that is not going to cost the government any money?

It turns out that this program, on which they spent 45 minutes describing why it was not working and what was wrong with it, the \$18 billion is not to fund the program as it exists today, the \$18 billion is to look at this program that they all say is not working and expand the program.

The \$18 billion is not for the ag industry and the concerns that I hear

from our ag folks, it is not to continue funding the programs to allow countries to buy grain and some of our agriculture products, the \$18 billion is to expand this program that we heard from the leading experts is not working.

Mr. GUTKNECHT. Mr. Speaker, will the gentleman yield?

Mr. NEUMANN. I yield to the gentleman from Minnesota.

Mr. GUTKNECHT. Mr. Speaker, I thank the gentleman for yielding. I appreciate this special order tonight.

I was at that briefing, as well. I must tell the Members, it was eye-opening. When we look at what they are asking for, I was reminded that somebody once observed that the definition of insanity is doing more of what you have always done and expecting a different result.

If we look at what has happened in Asia, where they have gone in and forced some of the Asian economies to raise taxes, to devalue their currency, then they are surprised when, ultimately, that has a devastating impact on the economy, and it just seems to me this is wrongheadedness elevated to an absolute art form.

When we heard some of the examples today of what has happened in Asia and what happened in Indonesia, what has happened in other parts, what happened in Hungary, for example, and then they are coming in and saying, by the way, what we need is another \$18 billion from the American taxpayers, and, incidentally, we want no debate on this, we want you to do this as part of a supplemental emergency bill so that there is no debate here in Congress, no debate here on the floor of the House, so people do not have any chance to ask some serious questions, it really illustrated what is wrong with things here in Washington.

We have a lot of things here in Washington that are wrong, a lot of things that need to be questioned, and this certainly is one of them. We have our friend here, the gentleman from Colorado, and I would like to hear from him as well.

Mr. MCINNIS. Mr. Speaker, will the gentleman yield?

Mr. NEUMANN. I yield to the gentleman from Colorado.

Mr. MCINNIS. Mr. Speaker, I appreciate my colleague yielding to me.

Mr. Speaker, we all grew up with the same thing, and my father and mother told me many times when I saw a great bargain, my father would always say, as yours did, just remember, nothing is free. Nothing is free. You always pay something.

But under this IMF request for \$18 billion, Secretary Rubin and members of the administration say, it is not going to cost the taxpayer one dime. We heard it today. We have made a new discovery. The American people should be thrilled. They have discovered money that is free. Why send the IMF \$18 billion, since it is free? We might as well send them several trillion dollars.

Of course, it is not free. Where it comes from are the hard-working people of all of our constituencies who have never even imagined \$18 billion. And where is it going? One of the things that concerns me is that this country was based on the checks and balances of the private marketplace, of capitalism. When you mess up, you go broke. If you do not produce a product that should satisfy the consumer, people quit buying the product and you have to revise the product.

But do Members know what happens with this IMF money? They are going to take this \$18 billion, let it follow money that they have already shipped over there; and, by the way, they will be back, especially if they think the \$18 billion is easy money and free money out of the United States Congress.

Besides, they are insulated. The IMF has never talked, the executives of the IMF, in my opinion, have never once talked to a taxpayer in my district, never once gone to somebody pumping gas at the gas station, never once stopped by the ranch and talked to the ranch hand and said, hey, you are the guy paying me, let me tell you what this is doing.

Mr. GUTKNECHT. If the gentleman will continue to yield, Mr. Speaker, not only do they not talk to the taxpayers, the people in Colorado, the people in Wisconsin, the people in Minnesota, they will not talk to us. They will not tell us what exactly they intend to do. They will not tell us what their policies are.

Mr. MCINNIS. It is because it is free. They think they can just go to the Congress and the money is going to flow in. Of course, as I was saying, that money that goes over to these countries, what we are doing there, there are many private enterprises.

Now, in the past with the IMF, what they have done in the history of the IMF, they have bailed out governments of countries that got into trouble, where the entire government was on the verge of collapse. This time, it is different. This time, the IMF is going in to families, private families, who assume the risk, and they are going to bail these families out of a misjudgment. They took a risk.

What we are saying is that we are now making any kind of business ventures outside of the boundaries of our country risk-free. All you have to do is go out, throw out a few hundred million dollars, if you lose it, come to Washington, come to us, and get the money.

Mr. NEUMANN. The amazing thing to me is when you understand what the policy of the IMF is. They have gone into these countries. They have encouraged these countries to devalue their dollar.

Let us translate that so our folks understand exactly what that means, because it is incredible. It is absolutely incredible that the folks, my colleagues from the other side of the aisle, supported this effort today.

When the IMF goes in and devalues the currency in a foreign country, what that means is it makes their goods cheaper to ship to the United States and any American-made goods more expensive to ship to their country.

So how in the world did we have my colleagues on the other side of the aisle, supported en masse by the unions of this country, come out here and vote to not just keep the IMF where it is, because it already has the money to do the things it is doing now, but vote to expand the IMF that is going into these countries and encouraging this devaluation of their dollar system, so that their goods become cheaper to ship into our country and our American-made goods, produced by our American workers, with American jobs, become more expensive in their countries?

I started this thing kind of lighthearted tonight, because this city is so ridiculous, but when you get into these things, it is infuriating that we would take the taxpayers' money from our country, give it to an organization that is going to go to a foreign country, encourage that foreign country to devalue their dollar so they can ship their goods to America cheaper, and our American-made goods and our American jobs, those goods get more expensive.

It is just incredible the way things work in this city.

Mr. GUTKNECHT. Mr. Speaker, if the gentleman will continue to yield, it is even worse than that. They have gone to a lot of our farmers, and obviously we have lost market share in Asia. Whether you are shipping milk and cheese in Wisconsin, whether you are shipping pork and other commodities from Minnesota or whatever, beef and other products from Colorado, a lot of our farm groups have said, we have to do something to get these farm markets back. We certainly agree with that.

But if we take Indonesia, for example, and we take their currency, and we devalue it by 10 or 15 or 20 or 50 percent, 50 percent I think was the number in Indonesia, how much can they really buy from us? The fact of the matter is they cannot buy anything from us anymore, whether it is Spam, whether it is cheese, whether it is beef, or whether it is any other product from the United States. We are really hurting ourselves.

Mr. NEUMANN. And that is the thing that our agriculture industry needs to understand. If this organization goes in with this policy of devaluation and they devalue the dollar in Indonesia by 50 percent, that effectively makes our farm products that much more expensive to ship in Indonesia, and it effectively shuts the markets down.

Before I end this part of our conversation here this evening, though, I would like to come back to the gentleman from Minnesota and compliment him on bringing his Spam from his district to our meetings this morn-

ing. I would like to tell him that was excellent, and we certainly are appreciative of the products that are produced in our districts back home.

Mr. GUTKNECHT. I always try to bring it along to the meetings we have on Thursday mornings. It has become almost a tradition. People who have not enjoyed it recently, we do recommend that Spam. You just warm it up in the microwave or fry it, and it is a wonderful product.

More importantly, it is a wonderful product for export. This is a product that we can export anywhere in the world. Asia loves to buy more Spam. But when you devalue currencies, when you raise taxes, as the IMF is recommending to many of these economies, it really is the wrong prescription.

□ 2045

It is a little like giving poison to someone who is already weakened. This is like the old remedies that they had during the Dark Ages where if a patient had a fever, they would do blood-letting. And that is exactly what the IMF has been doing to so many economies. It is the wrong remedy and wrong prescription.

And what is the answer that we are asked to deliver? More taxpayers' money to do exactly the wrong thing.

Mr. MCINNIS. Mr. Speaker, I would just like to say that the summary of what the IMF is asking us to do is to subsidize the IMF so they can turn around and subsidize mismanagement.

These economies, these large private families that took private risks now want the American taxpayer, who by far is the largest contributor to the IMF fund, they want the American taxpayer to subsidize overseas their mismanagement, their miscalculation and their risk. We do not even do it for a farmer in our district that does not get the prices he needs for his milk. We do not go in there and bail them out. We do not reward mismanagement. But we do with this.

I appreciate the opportunity to visit with both of my colleagues this evening and have a discussion about this, because this is an issue which, as the gentleman from Wisconsin (Mr. NEUMANN) said, it is an issue that is complicated. It is hard to understand what IMF stands for, but it is important for us.

I appreciate my colleagues including me in this conversation this evening to try to at least get the message out to our colleagues: Take a second look at this deal. Money is not free. Somebody is paying for it. And in these circumstances, all of our constituencies are paying for this \$18 billion to be shipped, wired out of here and wired over to these mismanaged international economies.

Mr. GUTKNECHT. If the gentleman would yield, I think many of us in Congress would be willing to do something to try and strengthen the economies in Asia. I think historically the American

people have been more than generous with people around the world. We understand the importance of world trade. We want to strengthen those economies.

But before we give \$18 billion to this fund, I think that we in Congress have a right to some serious discussion and, more importantly, some real answers to some of these questions about what is their policy. What exactly are they trying to impose upon these economies, and what in the end will it really mean in terms of world trade?

Will it mean stronger world trade? Stronger economies? Better markets for American-grown products and produced goods? Or will it in fact have the adverse consequences that we have seen in the past?

I would yield to my colleague from Colorado.

Mr. MCINNIS. And another thing we might ask is, when are they going to pay us back? I think that is a pretty logical question. Somebody borrows money from the bank, the bank says not only when are they going to pay it back, but how are they going to pay it back?

The other thing is that in an economy we have to let correction take place. There has to be that cycle of correction. And what we are doing is really we are doing an injustice to this country. We are avoiding the correction, the necessary correction by bailing it out. That correction will not take place and the next correction they get hit with is going to be much, much harder.

Again, we need to move on to some other subjects, but I do appreciate my colleagues and I appreciate the time that they have allowed me to join them this evening.

Mr. NEUMANN. Mr. Speaker, we appreciate the gentleman from Colorado being with us.

As we started tonight, we talked about the incredible things, and I think my colleagues would all like to be home in their home districts where it seems that common sense has a tendency to prevail more so than it does here. I would like to jump to another topic that I find absolutely incredible.

Over at the White House, the reason that there is a lot of people gone tonight is that they are having a party. They are celebrating the five-year reunion of the biggest tax increase in American history. Think about this. Out in Wisconsin we would celebrate tax cuts. We would celebrate lowering the tax burden on the American people. We would celebrate restoring Social Security and balancing the budget. But we most certainly would not be out there celebrating a tax increase on the American people.

It is just absolutely incredible to me that they would celebrate a tax increase. For anyone who has forgotten 1993, I think we ought to remember exactly what happened in 1993.

In 1993, these people looked at the fact that they had not been able to bal-

ance the budget here in Washington. They realized it was a serious problem facing America and they concluded the only thing they could possibly do is raise taxes on the American people and they did.

And I heard my colleague, the gentleman from Mississippi (Mr. TAYLOR) tonight, and so much of what he said I absolutely agreed with, but he said that spending was going up at slower rates before we got here and that is just plain not right.

During the first two years of Democrat control when they had a Democrat House, a Democrat Senate and a Democrat President, spending rose at 3.7 percent, almost twice the rate of Bush's last year. The reason they needed tax increases in 1993 was to fund an increased rate of spending. There are no ifs, ands or buts about this.

I brought a couple of charts with me tonight. Maybe we should go through a few more of the tax increases of 1993 before we bounce to them. If anyone thought they did not have their taxes increased in 1993, listening to the Washington rhetoric, I would understand that because they tried to play this off as a tax increase on the rich. When we start thinking about, who it is that they defined as rich, it becomes a fascinating discussion as well.

First, if someone was a senior citizen getting a Social Security check and they earned \$32,000 a year or more, their Social Security tax rate went up. They started paying taxes on a whole bunch more Social Security. So the first group of people that this hit solidly was moderate, low-income senior citizens that earned \$32,000 a year or more. They paid more taxes.

If anyone thinks they are not rich because they are not in that group, let me get to the next group. If Americans own an automobile and they fill their car up with gas, they are considered rich under this tax increase package of 1993. The gasoline taxes increased 4.3 cents a gallon in 1993. And as incredible as this seems, when they raised the Social Security taxes they did not put the money in Social Security. They spent it on other programs. When they raised the gasoline tax, they did not spend it building roads. They put the money into their social welfare spending programs.

Mr. Speaker, it is incredible. Small business owners, I used to be in the real estate business and the home building business. I would meet with clients sometimes and we would start at 8:00 in the morning and we would go right straight through to noon. Realtors understand that if they have been with their clients for four hours, they buy them lunch. That is part of business. At lunch the sale is discussed. When they buy the property, the realtor makes a commission and pays taxes on the commission. That is how this thing works. That lunch with those clients that the realtor has been with for four or five hours, that is part of their business expense.

What they did was dramatically reduce the ability of a business professional to write off that particular dinner or lunch with clients where they were selling as part of business, and in real estate that is how we did our business. It is just incredible to me that tonight the White House is celebrating these tax increases.

Mr. GUTKNECHT. Only in Washington, only in Washington dominated by the liberals would we have a birthday party, in effect, a anniversary party of the fifth anniversary of the largest tax increase in the history of the world. Only in Washington.

Mr. NEUMANN. Does the gentleman know what they are saying over there? They are saying that this tax increase somehow balanced the budget. I have brought a couple of notes with me.

Mr. GUTKNECHT. One of my favorite quotes is from John Adams, and John Adams had something to do with writing our Constitution. And John Adams often said, "Facts are stubborn things." And you have some charts which help demonstrate the facts.

Mr. NEUMANN. The gentleman is absolutely right. Facts are stubborn things. Let us get some facts on the table to understand that that tax increase in 1993 was not the right answer to get to a balanced budget.

What I have is a chart and this top line shows where the deficit was going in 1995, two years after this tax increase, if we passed the President's budget. I do not know how I could make it clearer. This shows where the deficit was going after the tax increase if we passed the President's budget.

I mean, this is not like maybe this might have happened. Any person in America can pull this up on the Internet and find this budget and find it scored and they would find deficits in excess of \$200 billion, even scored by the President's people. Scored by CBO it was up over \$350 billion.

Mr. GUTKNECHT. Those are not our numbers. Those are from the non-partisan Congressional Budget Office. That even after the enormous tax increases of 1993, had we passed the President's budget, the red line represents how much the deficit was going up over the next five years.

Mr. NEUMANN. The reason for that is very clear. The reason they raised taxes is so they could spend more money in Washington. Remember, this is a picture that starts in 1995, two years after the tax increase. The deficits were nowhere near under control.

When we were elected and came in here together in 1995, when we were elected to the House of Representatives we came with a different idea. We understood that reaching into the pockets of hard-working Americans and bringing more money to Washington was not the right answer. We understood that the way to get this done was by controlling wasteful Washington spending.

This yellow line on the chart shows where we were after 12 months of us

being in office. It is significantly better, but still not done.

The green line shows the plan that we had to reach a balanced budget. And I am happy to report the blue line shows what actually happened. And in fact for the last 12 months running, by Washington's definition, but for the last 12 months running the United States Government actually spent less money than they had in their checkbook.

Our colleague, the gentleman from Mississippi (Mr. TAYLOR), earlier this evening pointed out that that is not really a balanced budget. This is kind of a sad thing here. Washington defines a balanced budget is when the dollars in equals the dollars out. Part of those dollars in are the Social Security money. In the private sector where I come from, when I was running my company I had a pension plan for employees. The money had to be put into the pension fund.

The Social Security money should be put away. But what the gentleman from Mississippi misses in my opinion is that by controlling this growth of Washington spending we have, in fact, reached a balanced budget, even by Washington's definition, for the first time since 1969.

The definition that they have been using, even with all of that Social Security money in there, they have had not a single solitary 12-month period of time since 1969 where they did not spend more money than they had in their checkbook. So it is a monumental accomplishment. The gentleman's point that we still have a long ways to go is absolutely true.

So I want to start with this picture to make it very, very clear that raising taxes did not lead us to a balanced budget. Raising taxes, the President's proposal in 1995 has a huge deficit starting us in the face. It was only when we started controlling Washington spending that we actually started getting to a balanced budget.

Mr. GUTKNECHT. If the gentleman would yield, I think it really illustrates the difference between the two philosophies. One says, and the people who are celebrating down at the White House the largest tax increase in the history of the world, those people are saying the problem was that the American people were not paying enough taxes. What the American people believe, and we believe, is the problem was that there was too much Washington spending.

I think we have proven and we can demonstrate with some of your other charts that by eliminating 300 programs, by beginning to get control of those entitlements, including welfare, including Medicare spending, by doing that we have come closer now, in fact by the old Washington accounting standards, for the first time since Neil Armstrong walked on the face of the moon we will in fact have a balanced budget this year.

It seems to be an incredible coincidence that all of this has happened lit-

erally since the 1994 elections, because in 1994 the American people finally said enough is enough. This team has had their chance now for 30 years, they have controlled Washington, they have controlled Congress, they have run up deficits.

And I might just point out that one of the most scary statistics about our deficits and ultimately the debt, and we talk a lot about deficit and sometimes people get confused. There is a difference between the national debt and the deficit. Deficits are annual. But we have run up a debt of over \$5.5 trillion on our kids and grandkids. That is a scary statistic. But what is scarier is how much we have to pay every year just to pay the interest on that national debt.

I tell people in my district, because Wisconsin and Minnesota are divided by the Mississippi River, but every single dollar of personal income taxes collected west of the Mississippi River now goes to pay the interest on the national debt. If that is not a scary statistic, I do not know what is.

The charts that we have there, and I want you to talk about it a bit, demonstrates how much we have actually slowed the rate of growth in spending here in Washington since we came and became part of that historic 104th Congress.

Mr. NEUMANN. That is what is so incredible about the party that they are holding in the White House tonight to celebrate the tax increase. For goodness sakes, if we look at what has happened, the red shows how fast spending was going up before we got here. The reason they raised taxes in 1993 was to pay for this spending increase.

This is how fast spending is going up now with the new Congress since 1995. Notice there is a 40 percent decrease in the growth of Washington spending. It is this difference between here and here that has gotten spending under control and gotten us to a point where we have actually spent less money in the last 12 months than in our checkbook.

Every time I say that I acknowledge the Social Security problem. It is the old Washington definition. I sincerely hope that our class is successful in moving this city forward to defining a balanced budget as something that we would accept in Wisconsin or Minnesota.

Mr. GUTKNECHT. We ought to use the same kind of accounting that every business uses and every family uses. Unfortunately, we are still stuck with the old accounting standards used by Washington since 1964.

□ 2100

I might mention a lot of people, a lot of Members who are watching this in their offices, and others, they really need to understand that in 1964 in many respects Washington changed the accounting standards. They went to what is called a unified budget, and many believe that the real reason that they did that is because they wanted to

disguise the total of the Vietnamese war plus the total cost of the great society. And by taking all of that money from Social Security that was supposed to go into a trust fund and transferring that into the general fund, they made the deficit look much smaller. In the end, it is real money either way.

Mr. NEUMANN. I just want to bring up another point here because that party in the White House tonight celebrating these tax increases; the gasoline tax increase, the increase on seniors, increase on small business owners, it is so incredible that they would hold a party to celebrate this. I wanted to point out what happened after they raised taxes in 1993, and what this chart shows is exactly what happened to interest rates as soon as they raised those taxes.

You see on the far side of this chart is September of 1993; that is when they passed the tax increase. What you see, this climb right straight up, as soon as they raised taxes, interest rates started climbing. And they climbed right straight through until November of 1994, when we elected a Republican Congress. And why did it change in November of 1994? It changed because the people understood that we became committed to controlling Washington spending, and we were not going to go out and raise more taxes on the hard-working people of this country.

So what happened when we got here is they slowly, gradually started to understand that we were serious about getting Washington spending under control because here is what happened next. Those interest rates started tumbling. The reason they started tumbling is because when Washington spends less money, they borrow less money out of the private sector.

When there is less money coming out of the private sector to Washington, that, of course, means there is more money available in the private sector. With more money available in the private sector, and increased availability of money, it does not take Einstein to figure out, with more money available, the interest rates went down.

You can see they have been consistently below this point since we were here, some ups and downs as you go forward, but they have always stayed consistently below where they were at the peak after they raised taxes. That is why it is just incredible.

Are they celebrating over at the White House that the American people that wanted to buy a house or car got to pay more interest? What is it that they are celebrating over there? Are they celebrating they got to pay more taxes, or are they celebrating they got to pay more interest for their taxes and cars?

I keep coming back to, I guess I should have been on a plane back to Wisconsin tonight where we get back to some common sense out there. It is incredible in this city that they are holding a party to celebrate, for goodness sakes, to celebrate higher taxes and higher interest rates.

Mr. GUTKNECHT. I might just point out about that chart, it is no secret that interest rates peaked on election day of 1994. They trended down dramatically after the people on Wall Street, and more importantly the people on Main Street began to believe that the new Congress was serious about controlling spending. You see a couple of blips up there.

I think those correspond almost exactly with those periods when it looked as if we were going to lose that fight in terms of balancing the budget and paying down some of the debt in this country. And when the American economy, when Americans, as I say, from Wall Street to Main Street started to think that perhaps we were not going to succeed, we saw interest rates begin to trend upward.

But generally speaking, they know better sometimes than the pundits and the pollsters and whatever that it has been the Republican Congress since we came here in 1994 that has put a lid on Federal spending and said the problem is not that Americans do not pay enough taxes.

The problem is that Washington spends it so rapidly. If I could just close with this on this particular issue, there was a farmer in my district who said it so well and so simply, better than I can say it, and I quote him, and I am sorry, I do not have his name. But he once, I was out meeting with farmers one day and he said, talking about Federal spending and the deficit and the debt, he said the problem is not that we do not send enough money into Washington. He said the problem is that you guys spend it faster than we can send it in. And that, I think, is the best way to say it.

The problem was not that Americans were not paying enough taxes. They can celebrate down in the White House because I think it demonstrates to the American people more clearly than anything else that those folks believe that the problem has been that the American people were not paying enough in taxes. We believe that the American people were right in saying that the real problem was that Washington spent it too fast. We have slowed that spending rate dramatically. As a result, we have a balanced budget.

Mr. NEUMANN. I sincerely hope that the American people will pay attention to this particular situation and to the party that is going on over there at the White House tonight, and I really mean this sincerely. I think every American citizen who believes higher taxes is the right way to solve the economic problems facing our country, and there are some out there, they should all vote for the Democrat ticket in the fall of this year.

I think everybody who believes that we should control Washington spending, they should be voting for the Republican ticket; that believe that taxes are already too high, taxes should come down, we should get spending

under control so we can restore Social Security, start paying down the Federal debt, that \$5.5 trillion debt that our colleague from Mississippi so eloquently talked about before, the people that believe that controlling Washington spending is the right way to restore Social Security, pay down the debt and get the tax rate under control, those folks should be voting on the Republican ticket. The people that believe higher taxes is the right answer to do the same things, they ought to be voting Democrat.

Mr. GUTKNECHT. There really is a philosophical divide.

Mr. NEUMANN. Reclaiming for just a minute, I do want to point out, interest rates peaked out in November of 1994 when we were first elected. As Main Street America started to understand we were serious, they got all the way down here. It was almost a full year later, if you remember, a full year later we were in that government shutdown period.

This peak occurs shortly after we folded in the government shutdown because the American people thought we were going to go right back to the old spending ways. As they figured out that that was not true, you see the interest rates coming back down again. So the idea that we can control spending directly impacts these interest rates, and we should not just talk about this in terms of the numbers and these lines up here. Let me talk about this in a little different way.

If the interest rate falls by 2 points on a family that has bought a home for \$100,000, that means that they keep in their house \$2,000 extra money or roughly \$160 a month that they get to decide how to spend for themselves. This is not even taxes we are talking about. This is simply because the interest rates are lower because Washington has got its spending under control.

If you take a family of five that went out and bought a three-bedroom, two-bathroom ranch in our neck of the woods, probably \$110- \$115,000 type home, they have got \$100,000 mortgage on it. This means that in that family those parents get to decide what to do with an extra \$150, \$160 a month. Let me translate that even further.

If this family is looking at this \$150 a month and they do not have to spend it on the interest, and they also look at the tax cuts that were passed because the spending is under control so they have this extra money in their house, these families may be able to make the decision to not take a second and third job. And when they do not take the second and third job that they would have otherwise had to take to pay the higher interest rates, to pay the higher taxes that they are over there celebrating about, if they would have had to take that second job, that means they cannot spend the time with their kids.

When they do not spend time with their kids, I have been talking about this 12,000-student survey done here recently, when parents do not spend time

with kids, the single common factor in higher crime, more likelihood to have drug problems, teen pregnancy, teen smoking, the single uniting factor in those issues. It was parental time with the kids or parental connectedness. It is not just about charts and numbers; it is about the families out there in America that get to keep an extra \$150 a month in their pocket because of the fact that the spending got under control and the rates came down.

Add that to the tax cut rate, and let us hope some of these families will not have to take a second and third job. Let us hope that some of our families will have more time to spend with their kids, and by parents spending more time with kids, education will get much better. We will see lower crime rates. We will see lower drug use, fewer teen pregnancies.

They looked at 12,000 students. This is a given fact. If parents spend more time with their kids, the probability that the kids are going to have drug problems, crime problems, teen pregnancy, smoking problems, the likelihood of the student or the young teenager being involved with these things decreases dramatically.

Mr. GUTKNECHT. Let us talk a little bit about what has happened in America over the last 30 years with the other team in control. I was fortunate; I was raised in the 1950's. So were you. You are a little bit younger than I am.

Mr. NEUMANN. Late 1950's, early 1960's.

Mr. GUTKNECHT. Nonetheless, let us talk about what it was like growing up in the 1950s. In the early 1950s, the average American family sent to Washington about 4 percent of their gross income. And I was really fortunate because my mom and dad could raise me and two brothers, three boys in our family on one paycheck.

Mom was always there when we came home from school, when we were doing things around the house, mom was there. Things have changed a lot in the last 30 years. Back then they paid 4 percent of their gross income to the Federal Government. Today, the average family sends 25 percent of their gross income to the Federal Government. What a difference that makes.

Today, the average family spends more on taxes than they do for food, clothing and shelter combined. And that is what is really driving a lot of the things you are talking about because we have changed the nature of the family. We have decided somehow in Washington that we could spend money smarter than the American family, that by creating more and more government programs that somehow we could improve the moral and the social fabric of this country. The facts just do not bear that out.

As a matter of fact, most Americans now believe that the fabric, the moral fabric of our country today is in worse shape than it was back in the 1950s. More government programs clearly are not the answer. Strengthening the cornerstone that makes our society work,

strengthening the American family really is the answer.

Mr. NEUMANN. I might add on the moral front, I think we need strong leadership in our Nation. I think the leadership of our Nation needs to set the example and needs to be an example that people both around the world as well as our own teenagers and our own kids can look to. I have one more chart that I would like to briefly talk about that just lends more to the incredibility of that party that is going on over at the White House tonight celebrating tax increase.

This shows the level of the stock market. This is between here, and the far side of the chart is between the tax increase and when we were first elected to office. This becomes pretty significant, again not because the, not just the Dow Jones has soared as much as it has. It becomes significant because in our society today when I am at town hall meetings and I ask how many people own a stock or a bond or a mutual fund, I mean virtually every hand in the room goes up.

So we are now talking about not just numbers and the Dow Jones, we are talking about Main Street America, we are talking about families in Jaynesville and Beloit and Racine. We are talking about regular American families that own stocks and bonds. And what happens is since we were elected, we got spending under control, the interest rates came down; no big surprise. People started buying more houses and cars.

The economy got very strong because with low interests rates and available capital there is more jobs available and naturally we expect the economy to be strong. And that is exactly what is reflected in this chart as the Dow Jones rose dramatically since we were elected in 1994, late 1994. Again, I think what is important, here we are talking about the opportunity for people in our age group, people in their 50's and people in their 60's to retire and have a better life-style than what perhaps they would have otherwise had because they have got their money invested in these stocks and bonds and mutual funds so when they sell them off, of course, they are going to get to keep more money. Hopefully, that means a better life-style for them.

So this chart and this talk about budget numbers, that is all nice, but what is really important is that when somebody reaches age 65, if they put their money back in down here, the stock market is up here now, when they take those bonds and cash them and get the money, they can now live a better life-style, provide better health care for themselves and their family, provide a better life-style in general than they otherwise would have been able to do. It is not just numbers and charts and graphs, it is about a better life-style and the opportunity for a better life-style.

Mr. GUTKNECHT. Those numbers are a little small to read. What it real-

ly says is that under the old policies of the past with higher taxes and more spending, the market was growing at about 18 percent, had grown about 18 percent. Since the American people said enough is enough, and let us elect a whole new team to run things, and let us control spending instead of just raising taxes. In fact, let us control spending and allow families to keep more of what they earn and invest, the market has grown by 136 percent.

So they are celebrating the failed policies of 18 percent and we are talking about growth of 136 percent. And you are right, in the end it really is about quality of life and a lot more people can enjoy a higher quality of life when you have a stronger market, lower interest rates. You can have an economy that is growing at 3 and 4 percent, which we believe it should grow at, than you can with an economy that is only growing at 1.8 percent.

We have not even talked about the real impact in terms of welfare and what we have done for poor people and allowing people to get on the ladder and climb that ladder of success and go from poverty and get that job and begin to grow and invest and grow with this economy.

□ 2115

I think the most exciting thing that has happened since my colleague and I came to Washington is that we cut the welfare roles by 2.2 million American families. And a lot of people thought, when we were talking about reforming welfare, they said, this is an accounting exercise, and it is just about saving money. Well, welfare reform is not so much about saving money as it was about saving people. It was about saving families. It was about saving children. It was about saving those kids from one more generation of dependency and despair.

I think one of the greatest victories we have had since my colleague and I came to Congress is this victory over welfare. We have got a long ways to go, but enormous progress has been made.

Mr. NEUMANN. Reclaiming my time, I would like to point out one other thing that is very, very important when we look at this picture and rise in the stock market and we see the number of people that now own stocks and bonds and mutual funds in America, I think we should also talk about the fact that, because Washington is under control, as they make this additional profit, as they make more profit, of course, they pay more taxes and make the problem easier to solve, but now the tax is already at a lower rate because, last year, for the first time in 16 years, we actually lowered taxes.

What a direct contrast between what they are celebrating over there in the White House, the biggest tax increase in American history, and what has happened since then where we are now able to lower taxes while still achieving, albeit the Washington definition, the first significant step towards getting

us to a real balanced budget. It is exciting to think about.

By the way, I hope people make profit. I sincerely hope that the people that have invested in this stock market make profit and make money. That is what investing is all about in America. It is not evil and rotten in America to make an investment and make a profit from it.

Now that tax rate on that profit, it used to be \$28 out of every \$100 we earned or made on our investment came to Washington. Now it is only \$20 out of every \$100. So it went down from 28 percent down to 20 earned.

I found we need to mention the other side of this. If they are earning less than \$40,000 a year, it is amazing how many people are still in the stock market and bonds even in the low and moderate income brackets. If they are earning less than \$40,000 a year, the capital gains tax rate dropped from 15 down to 10. So, again, it is not only this picture of the growing stock market, it is the impact on real lives of real people by reducing the tax rate.

The next topic that we talked about, if it is all right if we move on.

Mr. GUTKNECHT. I think we should. My colleague mentioned several times about the old accounting standards and how we use Social Security to make the deficit look smaller. I think we need to talk about it. Because the truth of the matter is, and I think the American people understand, we have made enormous progress, if we look at where we were just 4 years ago in terms of the deficit going up.

As a matter of fact, we need to be reminded that when the Congressional Budget Office scored the President's budget back in 1995, shortly after we came here, they said by the year 2002 we would be looking at deficits of \$322 billion. And that is when we began to roll up our sleeves. We have eliminated 300 programs. We have dramatically changed the way the entitlements worked. We reformed welfare and Medicare and Medicaid. We made a lot of changes. And, as a result, we cut the rate of growth in Federal spending by about 40 percent. So where we were 4 years ago was headed towards disaster.

Where we are today is that the economy is stronger, the deficit under the old accounting standards is gone. And I think my colleague and I have been working on some of the numbers. My colleague does a better job, it seems to me, than almost anybody in Washington in terms of predicting where the economy is going and what it is going to mean to our budget.

My colleague is predicting, and frankly I agree, that we are going to see a surplus by the end of this fiscal year of somewhere in the area of \$50 billion. That is good news. But what gets even better as we look forward, we are going to see surpluses perhaps if we continue to exercise the kind of fiscal discipline that we have for the last couple of years. If we continue that kind of discipline, we can actually see

surpluses in the area of \$250 to \$300 billion. And what a great debate to have.

And now we can start talking about how do we save Social Security? How do we make some of those changes permanent so we can begin to guarantee our kids a better standard of living and a better quality of life in the future?

I would be happy to yield back. Because I say, nobody in Congress has done a better job than my colleague has of creating a model and a computer model so that we really have a blueprint of where we can go in the future.

Mr. NEUMANN. I do think it is important. And when I listened to the gentleman from Mississippi (Mr. TAYLOR) earlier tonight, my colleague, who I have the greatest respect for, most everything he said, I really agree with except for the pessimistic side of it. We do not have to be pessimistic in America. We do not have to say our best days are behind us.

I will never forget at basketball games. I coach a lot. As a matter of fact, we just signed up for a couple more tournaments that my son and some of his friends in school will be playing in, one in Kenosha, one up in Omro, Wisconsin, and perhaps one in Oconomowoc. And we get into these basketball games and sometimes we are behind at halftime. And I like to compare this to what has happened in America over the last 20, 30, 40 years.

We are behind right now. But when we get into halftime and we are down by 12 points in a basketball game, I always tell our young players, in the first half of this game they beat us by 12 points. Now we got the second half. Let us go out and make sure we beat them by 13 points so we actually win the game.

We do not have to conclude because of the problems we have in America today that our best days are behind us. We can go out and play the second half of this game, the second half of our lives, if you like, and we can make sure that by 20 or 30 years down the road, a generation from now, we can make sure we have done the right things to restore this Nation. I do not think we have to be pessimistic about the future.

My colleague was talking about what is happening around us right now. We do not have to do anything different than the first 3 years we have been in office. We just have to hold the constraints on spending. If we hold the constraints on spending that we have had here, government spending is going up at roughly the rate of inflation. So let no one out there misconstrue this, that somehow it is being twisted or dramatically cut back somehow. It is not. Government spending is still going up at the rate of inflation, too fast in my opinion.

But for all the people around the country, it seems to be a rate they have learned to live with over the last 3 years. If we can keep government spending going up at the rate of inflation, because revenues go up because of

both inflation and real growth in the economy, these large surpluses start to appear.

In all fairness, if I were the American people and I were listening to this concept that we might actually have these large surpluses, I would use the line "show me the money" to believe it. But I would point out, a year ago we were on this floor doing special orders, predicting surpluses in fiscal year 1998, and they were laughing at us.

We are now on the floor, and it is a given fact, that the United States Government will spend \$50 billion less than it has in its checkbook this year. So what they were laughing at a year ago is reality today.

Mr. GUTKNECHT. If the gentleman would yield, I remember on the floor of this House, in fact, he came and we did some town hall meetings, one in Winoona, Minnesota, and one in Mankato. And I think a lot of people thought we were crazy then when we said there was a very good chance that we would actually balance the budget this year. This was a year ago. And my colleague and I were a very small fraternity then who believed not so much that we believed at what was being done in Congress, I think the real thing was we believed in the American people.

The American people do not need a big incentive. They do not need large incentives to do what they have done throughout the generations. And literally since the pilgrims landed at Plymouth Rock, the history of this country has been that people would work, they would invest, they would save, they would produce and ultimately produce more wealth for more people.

The marvelous thing about this free enterprise system we have in the United States is that it has an enormous propensity to produce wealth not just for the wealthy but for all Americans.

John Kennedy reminded us back in the sixties that a rising tide lifts all boats, and that is what we are seeing in this economy. It is not perfect. There are still people being left behind. And we have to be aware of that and do what we can to pull our brothers along.

But the American people are doing what they have always done before, and that is they have been investing and saving and producing. They have been growing wealth and growing jobs and growing the economy. And, as a result, we have more revenue than anybody except perhaps my colleague would have predicted just a year ago.

Mr. NEUMANN. The good news is, if we get to a point where this does keep going, we keep spending under control and revenue just keeps growing like it has been for the last 3 or 4 or 5 years and it just keeps doing what it has been doing, these \$250 billion surpluses are not far off. That means we can both put the money aside for Social Security and start paying down the Federal debt so our children might inherit a debt-free Nation and lower the tax bur-

den on the American people. We can do all three of those things if we just manage to stay under control with spending in this city.

We talked about some incredible things here and we talked about how sometimes common sense in Washington and Wisconsin and Minnesota are very, very different. I would like to bring up one more topic, and then I would like to take the last few minutes to kind of close with a vision where we are going on the future.

The topic I would like to bring up is the needle exchange. This is perhaps as incredible as any discussion I have ever seen in this city. What they are proposing that we do, and as a matter of fact, the law was actually passed that this happened, is that the United States Government provide clean needles to drug users. Just think of it. We are not talking about legal medication here. We are talking about illegal drug users being able to turn in their dirty needles and get brand new ones.

What is really incredible about this is when they started to implement the program in various parts around the country, they traded in one dirty needle and got 39 new ones. Now, I do not know what my colleague thinks about this. But in my mind it does not take Einstein to figure out that if they turned in one dirty needle and got 39 new ones, the United States Government just became an agent in promoting the use of drugs in the United States of America; and that is pathetic.

I am happy to say that at least temporarily they have stopped this needle exchange program. But the law is still on the books, and that law needs to be changed. It is incredible that we would in this city decide that the right way to solve drug problems is to somehow trade dirty needles in for clean needles. It is just incredible that we would make that sort of decision.

Mr. GUTKNECHT. I do not think the people back in Wisconsin or Minnesota, at least the common-sense people sitting around the coffee shops and the feed mills, I mean they would say this is crazy, especially when we are supposedly having a war on drugs.

In fact, what makes it even more bizarre is we have some folks in Washington who want to have this war on tobacco. And, on the one hand, we are going to do everything we can, and I certainly support the notion of doing everything we can to try and keep kids from starting smoking, but, on the other hand, we have some of the most dangerous drugs which we know, for example, if they are a heroin addict ultimately it will kill them; and somehow we have this bizarre notion that we will make it safer by providing clean needles to heroin addicts.

This is sort of the tortured logic that has run this city for too long, and I think we have got to get back to some of those old-fashioned notions, things like personal responsibility and ultimately calling things the way they are

and saying we have got to do everything to keep people from using heroin rather than making it easier for them to use heroin with cleaner needles.

Mr. NEUMANN. We have spent an hour here tonight talking about some of the incredible things going on in this city from IMF funding to the strange way that we found support in this Congress for IMF funding today. We found that people that voted against it were people that we might have thought might vote for it, especially people that represent union districts supporting an agency that is encouraging devaluation of the dollar. Which means foreign goods come in cheaper and our American made goods cost more, which means we lose American jobs.

We talked about the party going on at the White House where they are celebrating tax increases, where what we ought to be doing is celebrating the tax cuts from last year. And we talked about the needle exchange.

I would like to kind of conclude this evening by not talking about something incredible, but rather talking about where we might go in the future with this great Nation that we live in; and I would like to kind of present a vision here for where we might go with America both from an economic front and from a social front. Let me start on the economic side because we have talked about it already a little bit tonight.

On the economic side, I think the first thing we need to do is make sure that Social Security is safe and secure for every senior citizen in the United States of America. I believe our seniors have the right to get up in the morning and not worry about whether their Social Security check is going to be there. So the first thing economically, let us make sure Social Security is safe for our senior citizens.

Second, we have got a \$5½ trillion debt staring us in the face. Let us start making payments on that debt, much like we would pay off a home mortgage, and let us pay off the debt so our children can inherit a debt-free nation instead of having a legacy of a \$5½ trillion debt.

The third thing, the tax rate is too high. The tax rate in America, if we look at State, local, Federal, property taxes, if we look at all taxes people pay, \$37 out of every \$100 they earn in America today goes to taxes of some form. So on this economic side, let us get a vision. Restore Social Security so our seniors are safe, pay off the debt so our children can inherit a debt-free nation, and let us get that tax burden down to not more than \$25 out of every \$100 the people earn, instead of the \$37 that it currently is.

A lot of people would say that is pie-in-the-sky vision. I tell my colleagues, 3 years ago if we said we were going to balance the budget by 1998, they would say that was pie-in-the-sky. I believe in America and I believe what our people can do in this great country that we live in. It is possible to achieve these economic goals.

Let us go to the social side for just a minute. On the social side, I think education is the number-one problem facing the United States of America. Our kids have dropped to 21st in the world in education. I think the right answer to education is not Washington going out and spending more money on education. The right answer on education is empowering our parents to be actively involved in deciding where our kids go to school, what they are taught, and how they are taught it.

If we can just empower our parents to be actively involved in the kids' education, all kinds of things will change. It is the right way to bring education back up. More Washington control, more Washington dollars. Taking that responsibility away from the parents is the wrong answer. The right answer is parental involvement in the education system.

Now I am going to refer back to that study I talked about before of 12,000 teenagers. When parents are more actively involved in their kids' school, there is a side benefit. When parents are more actively involved in what their kids are learning, there is a side benefit. And the study of 12,000 teenagers pointed it out directly.

□ 2130

There is an immediate impact. The more parents that are involved with their kids, the less likely it is that the kids will be involved with crime, the less likely it is the kids will be involved with drugs, the less likely it is that the kids will have teen pregnancies, and the less likely it is the teens will be smoking.

So when we talk about those social problems facing America, the single most important thing that we can do is empower our parents to get more actively involved with our kids.

Both sides of this issue, both sides of this chart are intertwined in that, if we can reduce the tax burden from \$37 out of every \$100 the people earn down to \$25 out of every \$100 the people earn, we will be in a position where parents are no longer forced to take a second and a third job.

When they do not take the second and third job, they will have more time to spend with their kids. More time involved with their kids' education will automatically improve the education of their kids. And as they spend more time, the side benefits of less crime, less drugs, fewer teen pregnancies, and less teen smoking is an automatic outcome based on the survey that we just looked at. Again, the survey of 12,000 teenagers, the survey is accurate.

The last thing I would mention on the social side is something I did not really understand when I first came to Congress 4 years ago. I did not understand what a partial-birth abortion was. I am pro-life, so I understood the abortion issue reasonably well, but I did not understand partial birth.

When someone first explained to me that, in the third trimester of a preg-

nancy, in the seventh, eighth, or ninth month of a pregnancy that they would partially deliver a baby, and then with the baby going to live if they finish the delivery, at the last second, they would kill the baby in this abortion. A seventh, eighth or ninth month killing of a baby that would otherwise live is what a partial birth abortion is, and that is just plain wrong.

Wherever you are at on the abortion issue, I know from the State of Wisconsin, in the House of Representatives, the people that are pro-choice that are Democrats, the people that are pro-choice that are Republicans, the people that are pro-life Democrats and pro-life Republicans, all of them voted to end partial-birth abortions in America.

When I think about a social agenda, I do not believe that our free society now understanding what is happening in a partial-birth abortion can allow this to continue. It is one thing to not understand it; it is another thing to know about it and not do something about.

I would like to close tonight with a thought that I think about regularly. I think about this country and where we are at and where we have come over the last 40 years. I think about the problems in the White House and the message that that is sending to our kids, and I think about all of these social problems facing America and the education problems, and I think about the financial problems. These words just keep ringing in my ears. I keep hearing these words that, in order for evil to succeed, good people need only sit idly by and watch.

I wonder, when generations look back on our generation, and they ask what kind of people were these? Were these the people that sat quietly by, were these the good people that sat quietly by while evil succeeded during their generation?

Folks, we over the next 10, 15, 20 years, will we be the people that said enough is enough? We are not going to spend our children's money anymore. We are not going to take that money out of the Social Security Trust Fund. The taxes are too high, and we are going to get it down. We are going to pay off this debt so our kids get a debt-free nation.

We have had it with our kids being 21st in education in the world. They are going to be number one again. When they are number one with our parents more actively involved in their lives, the crime rate goes down, the drug use goes down, teen pregnancies are fewer, less teen smoking. We end partial-birth abortions.

Are we going to be the people that history looks back on and say that was the people in our society, that was the people in America that said enough is enough. The good people would no longer stand idly by and watch evil succeed. They are the people that stood up and took this country back and provided our children with a safe, secure moral future.